



**BP AMERICA INC.**  
GULF OF MEXICO SPU  
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June 4, 2007

Ms. Amy White  
Regulations and Standards Branch  
Rules Processing Team  
U. S. Department of the Interior  
Minerals Management Service  
381 Elden Street, MS-4024  
Herndon, Virginia 20170-4817

Re: RIN 1010-AD 12; Sub Part K-Flaring and Venting  
FR Vol. 72, No. 4, March 6, 2007

Ms. White:

BP America Inc (BP) Gulf of Mexico SPU appreciates this opportunity to provide written comments on the subject proposed rule to amend regulations regarding production rates, burning oil, and venting and flaring natural gas associated with Outer Continental Shelf oil and gas and other mineral operations as published in the March 6, 2007 Federal Register. BP is a member of the Offshore Operators Committee, an organization of some 119 producing and service companies who conduct essentially all of the OCS oil and gas exploration and production activities in the Gulf of Mexico.

### **General Comments**

BP appreciates that MMS conducted a complete rewrite of Subpart K using plain language and restructured the rule to improve readability and is encouraged that MMS has chosen to divide the new version into shorter sections thereby making this rule much easier to read. The new version also eliminates some requirements that are no longer deemed necessary. BP supports the proposal to eliminate the maximum rate requirements and production balancing requirements. This can be done without affecting ultimate recovery or conservation of resources. By incorporating into the proposed rule the numerous Notices to Lessees and Operators (NTLs) that clarify the current regulation, MMS will reduce the burden on industry to keep track of rules from various sources and help simplify compliance.

MMS' addition of a table at the end of the proposed rule listing the information that operators would have to submit for approval for various operations greatly assists in the improved readability and understanding of the rule and will simplify industry compliance efforts.

BP is fully supportive of MMS's proposal to allow operators to streamline submittal of well tests. Currently, operators are required to submit Semiannual Well Test Reports within 45 days of the tests. Under the proposed rule, operators may submit the reports within 45 days after the end of the calendar half-year. This will allow operators to submit all their well tests at one time providing improved efficiency for the operators and MMS.

## **Vent vs. Flare**

The choice of flaring versus venting is normally driven by operating philosophy, nature and type of reservoir, facility design limitations or capabilities, operating practices, safety and economics. The decision might also be affected by new construction, upgrades, or existing facility status to a great extent. With the very diverse types of developments existing and being employed in the shelf and deepwater operating areas, different drivers may change a particular operator's choice from one system to another. BP has made the decision to design, construct and operate all of our facilities with flares on our facilities. BP and the government should be to seek alternatives to reduce emissions as much as possible. Should the MMS feel that a particular technology mandate be required for facilities on the OCS, it should be limited to new facilities yet to be constructed. Prior to prescribing a particular technology, BP supports and encourages the MMS to sponsor a workshop to discuss the issue, ways to achieve this desired state and foster dialogue on drivers and factors effecting the selection of one methodology over the other. It is our recommendation that the workshop serve as the catalysis for development of a specific recommendation in advance of any proposed rulemaking. It would also allow for Industry to convey the challenges associated with the retrofit of existing facilities and issues to be considered in successful implementation on newly constructed facilities. BP feels that such a workshop would promote broad vetting of issues and seek timely resolution of challenges to facilitate closure and buy-in required for successful implementation on the OCS.

## **Measurement**

BP has made the decision to design, construct and operate all of our facilities with flare meters on our facilities. However, we have analyzed this proposed rulemaking from several perspectives. As proposed, the requirement in the rulemaking for the installation of meters for the measurement of vented and flared volumes characterizes the solution as the addition of a single meter to the existing process train in order to accomplish the goal of better measurement and allocation of gas. However, multiple meters may be required on most existing facilities required to be retro-fitted under this proposed rule. The addition of meters to the emergency vent and flare system raises the concern over the potential safety hazards that retro-fitting of piping and installation of hardware could bring to those existing facilities. The ability to modify existing facilities to install the necessary piping and meter configuration may not be feasible on some facilities given existing space limitations and current piping configurations. It may not be feasible to pipe these vents to a common header for metering due to back pressure limitations of each. As such, several additional meters may be required for these types of atmospheric vent systems. Space restrictions for new piping may also be a limiting factor on existing platforms. There is a particular concern for the creation of safety hazards when re-routing systems on an existing platform where space is limited. The ability to comply within 120 days as proposed in the rulemaking may not be feasible given the engineering, process reviews, and regulatory submittals required ensuring that safety hazards are not created in the process of performing the modifications required of the facilities.

Additionally, the measurement accuracy of +/- 2% as proposed by this rule is not achievable given the wide range of conditions in which the vent/flare systems (High, Immediate, Low and Atmospheric) operate. BP therefore requests and recommends that this portion of the rule to require the installation of meters and its prescribed accuracy be stayed, until further dialogue can be had between industry and the Agency.

BP supports OOC's proposal that the upcoming workshop for the vetting of a flare vs. vent technology preference mentioned in the supplementary information section under the GAO report include the topic of measuring vented and flared gas offshore. Alternatively, a future workshop could be planned to exclusively discuss the barriers, solutions and best practices needed to measure and account for vented and flared gas volumes on offshore facilities. Since the GAO report recommends the Federal Government help reduce flaring and venting by continuing to support programs that identify and help

industry implement Best Practices for reducing natural gas emissions, BP would like to encourage MMS to consider that the API Committee on Production Measurement and Allocation is currently drafting a recommended practice Titled “Manual of Petroleum Standards.” BP believes it premature to impose requirements to meter vented and flared gas prior to the publication of this recommended practice. BP does not agree that a “metering only” solution is a best practice for all applications or the only cost effective solution to the reduction of natural gas emissions from offshore production facilities. BP strongly recommends that the proposed requirement to install meters on all offshore complexes producing 2000 BOPD be deferred in order for industry and MMS to work in partnership to achieve a recommended best practice which may involve meters and some level of calculations acceptable to both MMS and industry.

If such recommendation to defer this part of the rulemaking is not acceptable to the MMS, it is recommended that the installation of meters be limited instead to new facilities under construction six months after the date that the final rule is published. However even under this scenario, please note that an adjustment in the accuracy requirement is still required to the proposed rule, as absent such adjustment, Industry would still not be in a position to comply. BP is willing to commit to working cooperatively with other companies and the MMS on the development of a best practice or standard for accounting for gas vented or flared on the OCS. We believe that such an approach, which would have broad applicability to all facilities on the OCS, not just those processing 2000 BOPD and greater; would promote consistent methods and practices across Industry; and would likely result in quicker adoption by Industry. Further we believe that this approach would result in volumes of vented / flared gas on all facilities on the OCS being reported to a higher degree of accuracy than that achieved by the blanket requirement to measure all streams, would be accomplished in a more cost effective manner and is in keeping with the recommendations of the GAO Report.

The proposed regulatory trigger to install meters will encompass more facilities than those producing 2,000 BOPD, given how production is handled on the OCS. Multiple facilities may be involved in the processing/handling of production streams. It is therefore believed that the number of facilities to be impacted by the rule has been underestimated. Given the cost per facility to comply as well as the number of facilities to be impacted has been underestimated it is believed that the cost impact of the rule has been underestimated. In a recent OOC analysis, the estimated time it would take to bring an existing platform into compliance would far exceed the 120 days in the proposed rule. Likewise, the cost to bring an existing platform into compliance is estimated to far exceed the \$77,000 noted in the proposed rule. For the particular platform in the OOC analysis, the cost associated with the modifications required to the facilities is expected to well exceed \$375,000.


### **Proposed Development of API Technical Bulletin: Quantifying Flare and Vent Quantities in Oil and Gas Production**

BP will to work cooperatively with OOC and API on the development a technical document or recommended practice that would address quantification, including volume, mass, and composition, of flare and vent quantities within the oil and gas production process. The approach taken would look at the entire process system, considering use of direct instrumentation (including meters) along with a variety of other tools. These tools could include material balance monitoring, IR monitors, as well as others. Collectively, these tools would be used within calculation systems resulting in a technically defensible determination of quantities with a fairly high level of confidence. The proposed document would reinforce the use of a suite of tools, not just metering, fill a void that currently exists in industry and make the job of enforcement more manageable for MMS. We would propose to start working on this guidance now, concurrent with the Subpart K final rulemaking and believe that document completion and workshops to roll-out to Industry could occur within 18 months. BP proposes that MMS join Industry in this effort, to insure that issues of concern are addressed and that the solution delivered meets the expectations of the Agency. This effort would be undertaken similar to the guidance developed to address sustained casing pressure, API RP 90, and that developed for drilling

conducted operations during hurricane season, API RP 95 J and API RP 95 F. We would be willing to meet with the Agency at your earliest convenience to discuss this proposal and establish a working plan to move this initiative forward.

Please see our attached detailed section by section review of the Subpart K rule for specific comments.

If you have any questions regarding our comments, please feel free to contact us.

A handwritten signature in dark ink, appearing to read "Jim Grant".

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